



# UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

# TORM X-17A-5 PART III

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#### **FACING PAGE**

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

EPORT FOR THE PERIOD BEGINNING	01/01/2009	AND ENDING	12/31/2009
	MM/DD/YY		MM/DD/YY
A, REGI	STRANT IDENTIFIC	CATION	
NAME OF BROKER-DEALER: United F	Brokerage Services	, Inc.	OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSIN	NESS: (Do not use P.O. Be	ox No.)	FIRM I.D. NO.
514 Market Street			
	(No. and Street)	* ************************************	
Parkersburg	WV	2	26101
(City)	(State)	•	(Zip Code)
NAME AND TELEPHONE NUMBER OF PER Ken Davis	SON TO CONTACT IN R	REGARD TO THIS RE	PORT 304-424-8722 (Area Code - Telephone Number)
D		C A MY C NY	SEC Wail Proces
B. ACCO	UNTANT IDENTIFI	CATION	Section
NDEPENDENT PUBLIC ACCOUNTANT wh Ernst & Young LLP	ose opinion is contained in	n this Report*	MAR 01 ZUIU
	Name – if individual, state last, f	îrst, middle name)	Washington, DC
500 Virginia Street, East	Charleston	wv	25301
(Address)	(City)	(State)	(Zip Code)
CHECK ONE:	* *		
☐ Certified Public Accountant			
☐ Public Accountant			***
☐ Accountant not resident in Unite	d States or any of its posse	essions.	
	OR OFFICIAL USE O	NLY	
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SEC 1410 (06-02)

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<sup>\*</sup>Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

### OATH OR AFFIRMATION

I, Ken Davis	, swear (or affirm) that, to the best of
my knowledge and belief the accompanying financial state	· · · · · · · · · · · · · · · · · · ·
United Brokerage Services, Inc.	, as 009, are true and correct. I further swear (or affirm) that
	officer or director has any proprietary interest in any account
classified solely as that of a customer, except as follows:	
	North Paris
	Signature
	Chief Financial Officer
	Title
	Title
Karny Shules	
Notary Public	OFFICIAL SEAL
This report ** contains (check all applicable boxes):	NOTARY PUBLIC STATE OF WEST VIRGIN
X (a) Facing Page.	Kathy Shields United Bankshares
<ul> <li>☑ (b) Statement of Financial Condition.</li> <li>☑ (c) Statement of Income (Loss).</li> </ul>	514 Market Street Parkersburg, WV 26101
(d) Statement of Changes in Financial Condition.	My Commission Expires May 2, 1
(e) Statement of Changes in Stockholders' Equity or	Partners' or Sole Proprietors' Capital. # 15684 345
(f) Statement of Changes in Liabilities Subordinated	to Claims of Creditors.
<ul> <li>         ⊠ (g) Computation of Net Capital.     </li> <li>         □ (h) Computation for Determination of Reserve Requirements (see Fig. 2).     </li> </ul>	rements Pursuant to Rule 15c3-3.
Cl. Information Polating to the Possession or Control	Requirements Under Rule 1503-3.
(i) A Reconciliation, including appropriate explanation	on of the Computation of Net Capital Under Rule 1363-1 and the
Computation for Determination of the Reserve Re	equirements Under Exhibit A of Rule 1303-3.
(k) A Reconciliation between the audited and unaudit	ted Statements of Financial Condition with respect to methods of
consolidation.  (1) An Oath or Affirmation.	
[] (m) A conv. of the SIDC Supplemental Report	
(n) A report describing any material inadequacies foun	d to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# Financial Statements and Supplemental Information

Year Ended December 31, 2009

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### Report of Independent Registered Public Accounting Firm

The Board of Directors
United Brokerage Services, Inc.

We have audited the accompanying statement of financial condition of United Brokerage Services, Inc. (the Company), a wholly owned subsidiary of United Bank, Inc., as of December 31, 2009, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Brokerage Services, Inc. at December 31, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplemental information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

February 24, 2010

# Statement of Financial Condition

# December 31, 2009

Assets	
Cash and cash equivalents	\$ 211,791
Receivable from customers (net of allowance for doubtful	
accounts of \$41,400)	234,002
Securities owned, at fair value	4,068,164
Prepaid expenses	51,351
Prepaid pension benefit	109,439
Fixed assets, at cost (net of accumulated depreciation of \$230,885)	32,716
Other assets	175,375
Total assets	\$ 4,882,838
Liabilities Accounts payable and accrued expenses Deferred tax liability	\$ 67,883 53,282 121,165
Total liabilities  Shareholder's equity	121,103
Common stock, \$10 par value; 50,000 shares authorized, issued and outstanding	500,000
Paid-in surplus	100,338
	4,161,335
Retained earnings	4,761,673
Total shareholder's equity	
Total liabilities and shareholder's equity	\$ 4,882,838

### Statement of Income

# Year Ended December 31, 2009

Revenues	
Brokerage commissions	\$ 3,273,285
Investment income	2,322
Total revenues	3,275,607
Noninterest expenses	
Salaries and employee benefits	2,169,596
Data processing	71,912
Clearing costs	126,482
Professional fees	135,767
Travel	54,634
Occupancy and equipment	56,675
Insurance expense	25,078
Other	525,699
Total noninterest expenses	3,165,843
Income before income taxes	109,764
Income tax expense	34,986
Net income	\$ 74,778

# Statement of Changes in Shareholder's Equity

	Common Stock	Paid-in Surplus	Retained Earnings	Total
Balance at January 1, 2009	\$ 500,000	\$ 100,338	\$ 4,086,557	\$ 4,686,895
Net income			74,778	74,778
Balance at December 31, 2009	\$ 500,000	\$ 100,338	\$ 4,161,335	\$ 4,761,673

# Statement of Cash Flows

# Year Ended December 31, 2009

Operating activities		
Net income	\$	74,778
Adjustments to reconcile net income to net cash provided by		
operating activities:		
Depreciation expense		14,554
Provision for doubtful accounts		(60,146)
Deferred tax expense		29,327
Payments to purchase securities	(:	5,267,131)
Proceeds from the sale of securities	4	4,541,499
Decrease in receivable from clearing broker		923,330
Increase in prepaid expenses and other assets		(12,221)
Decrease in accounts payable and accrued expenses		(162,087)
Net cash provided by operating activities		81,903
Investing activities		
Purchase of premises and equipment		(7,922)
Increase in cash and cash equivalents		73,981
Cash and cash equivalents at January 1, 2009		137,810
Cash and cash equivalents at December 31, 2009	\$	211,791

#### Notes to Financial Statements

December 31, 2009

### 1. Nature of Operations

#### **Organization**

United Brokerage Services, Inc. (the Company) is a licensed broker/dealer approved by the Financial Industry Regulatory Authority. The Company is a wholly owned subsidiary of United Bank, Inc. (United), which is a wholly owned subsidiary of United Bankshares, Inc. (UBSI) and operates principally in the West Virginia, Virginia, and Washington, D.C. markets. The Company offers retail brokerage services relating to securities and related products on a fully disclosed basis.

The Company clears its security transactions on a fully disclosed basis through First Clearing, LLC.

#### **Capital and Reserve Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Such Rule prohibits a broker/dealer from engaging in securities transactions when its "aggregate indebtedness" to all other persons exceeds 15 times its "net capital," as those terms are defined, subject to a \$250,000 minimum net capital requirement. At December 31, 2009, the Company had net capital of \$4,153,765, which is \$3,903,765 in excess of its required net capital of \$250,000 at December 31, 2009. The Company is exempt from Rule 15c3-3 of the Securities and Exchange Act of 1934 under Section (k)(2)(ii) of that Rule as all transactions are cleared through another broker/dealer on a fully disclosed basis.

#### 2. Significant Accounting Policies

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States. A description of the significant accounting policies is presented below.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became effective on July 1, 2009. At that date, the ASC became FASB's officially recognized source of authoritative U.S. generally accepted accounting principles (GAAP) applicable to all public and non-public non-governmental entities, superseding existing FASB, American Institute of Certified Public Accountants (AICPA), Emerging Issues Task Force (EITF) and related literature. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative.

### Notes to Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual amounts could differ from those estimates.

Substantially all of the Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate fair value.

#### Cash and Cash Equivalents

Cash consists of a checking account maintained at United and cash on deposit with the clearing broker. The balance of the restricted interest-bearing account as of December 31, 2009, was \$39,100 and is used for funding related to certain insurance programs offered by United.

#### **Securities Owned**

Securities transactions are recorded on a trade date basis. Securities owned are stated at fair value with changes in the fair value recorded in the statement of income. Fair value is based on listed market prices (see Note 5). Securities consist primarily of units of ownership in a money market fund managed by Fidelity and a restricted interest-bearing account held at United. The cost basis approximates fair value based on the nature of the securities.

#### **Fixed Assets**

Fixed assets include equipment, which is depreciated using the straight-line method over the useful lives of the assets. Total depreciation expense recorded as of December 31, 2009, was \$14,554.

#### Revenues

Revenues are recorded as the income is earned and the related service is performed. In return for such services, the Company charges a commission for its selling and administrative efforts. The commission is recorded as a receivable from customers and the receivables are stated at the amount the Company expects to collect.

### Notes to Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

#### **Advertising Costs**

All advertising costs are expensed as incurred.

#### **Income Taxes**

The Company is included in the consolidated federal income tax return filed by its ultimate parent, UBSI. Accordingly, the Company provided for income taxes based on its taxable income or loss multiplied by UBSI's approximate effective tax rate, which is adjusted for certain items not applicable to the Company. The adjusted effective rate was 31.9% for the year ended December 31, 2009. The Company remits to or receives from UBSI amounts payable or receivable. Deferred income taxes are computed for temporary differences between when items are recognized for income for financial reporting purposes and when recognized for income tax return purposes. The Company's temporary differences are primarily related to depreciation and the prepaid pension benefit.

Actual income taxes recorded by the Company were \$34,986 for the year ended December 31, 2009. The provision for taxes for the years ended December 31, 2009, consists of current expense of \$5,659 and deferred tax expense of \$29,327.

During 2009, the Company paid \$101,453 of income taxes to UBSI.

#### **Employee Benefit Plans**

The Company participates in UBSI's defined benefit retirement plan (pension plan) as well as a deferred compensation plan (401(k) plan) under Section 401(k) of the Internal Revenue Code. The Company made a \$69,300 contribution to the pension plan for 2009. Pension and 401(k) expenses for 2009 were \$28,722 and \$40,621, respectively. These expenses are included in the salaries and employee benefits total in the statement of income. The Company adjusts the allocated portion of the prepaid pension asset to properly reflect its allocated portion of the funded status of United's defined benefit retirement plan. The overfunded allocated pension asset as of December 31, 2009, is \$109,439. The Company also recorded a deferred tax liability of \$40,492 as of December 31, 2009, associated with the allocated pension asset.

### Notes to Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

#### **Recent Accounting Pronouncements**

During 2009, the FASB issued various accounting pronouncements, including guidance related to fair value measurements and disclosures and investment securities. The adoption of such guidance did not have a material impact on the Company's financial position or results of operations.

#### 3. Related-Party Transactions

United provides certain management services to the Company, including accounting and administrative functions. In addition, United is providing rental space to the Company for a nominal annual cost of \$1. For the year ended December 31, 2009, the Company paid \$151,500 to United, which is included in other expenses on the statement of income.

#### 4. Contingencies

The Company applies the provisions of the ASC 460, *Guarantees*, which provides accounting and disclosure requirements for certain guarantees. The Company has agreed to indemnify the clearing broker for losses that it may sustain from customer accounts introduced by the Company. As of December 31, 2009, there were no amounts to be indemnified related to such agreement.

#### 5. Fair Value Measurements

The authoritative accounting guidance defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

### Notes to Financial Statements (continued)

#### 5. Fair Value Measurements (continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The Company's only financial instruments that are measured at fair value on a recurring basis are a money market fund and interest bearing account. The fair value for both is determined based on level 1 inputs and have a fair value balance of \$4,068,164 at December 31, 2009. The Company has no financial instruments that are measured at fair value on a nonrecurring basis.

Supplemental Information

# Computation of Net Capital Pursuant to Rule 15c3-1

### December 31, 2009

Shareholder's equity	\$	4,761,673
Deductions and/or charges		
Nonallowable assets:		
Fixed assets		32,716
Prepaid expenses		51,351
Interest-bearing cash		40,743
Nonallowable receivables		117,720
Prepaid pension benefit		109,439
Other assets		175,375
Total deductions and/or charges		527,344
Net capital before haircuts on securities positions		4,234,329
Haircut on securities		80,564
Net capital		4,153,765
Aggregate indebtedness		
Total liabilities		121,165
Net capital requirement	\$	250,000
Excess net capital	\$	3,903,765

There were no material differences between the audited computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2009, Part IIA FOCUS filing.

# Statement Regarding Rule 15c3-3

December 31, 2009

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under Section (k)(2)(ii) of that Rule.

Supplementary Report



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# Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5

The Board of Directors
United Brokerage Services, Inc.

In planning and performing our audit of the financial statements of United Brokerage Services, Inc. (the Company), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. The study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company including any of the following:

- 1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- 2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with



management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

February 24, 2010

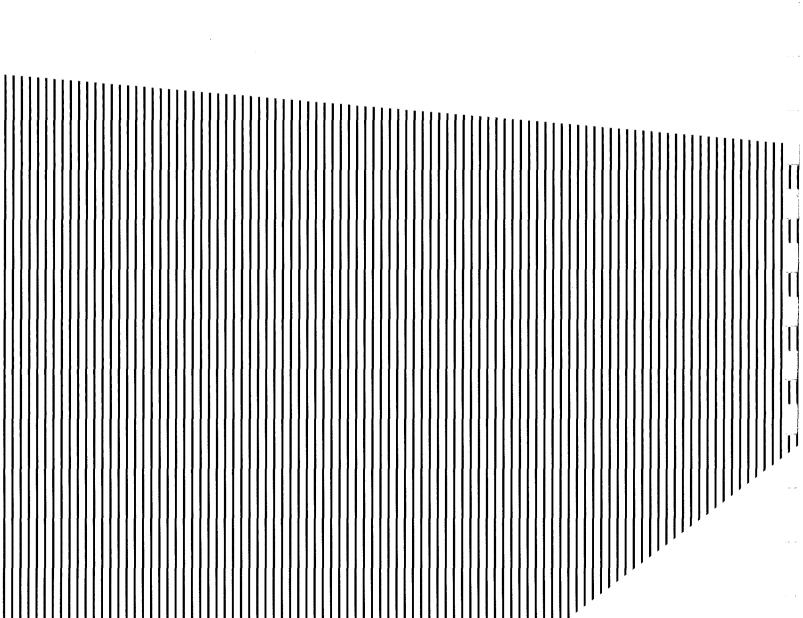
### Ernst & Young LLP

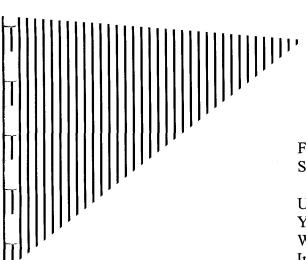
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FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

United Brokerage Services, Inc. Year Ended December 31, 2009 With Report and Supplementary Report of Independent Registered Public Accounting Firm

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